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UNCLAS SECTION 01 OF 03 HARARE 001110

SIPDIS

SENSITIVE

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR AMANDA HILLIGAS
TREASURY FOR OREN WYCHE-SHAW
PASS USTR FLORIZELLE LISER
STATE PASS USAID FOR MARJORIE COPSON

E. O. 12958: N/A

TAGS: [SENV](#) [EAID](#) [BTIO](#) [EINV](#) [ECON](#) [PGOV](#) [ZI](#)

SUBJECT: GA-GA FOR GONO

1. (SBU) Summary: During their visit to Harare, the Staff Delegation lunched with Reserve Bank of Zimbabwe (RBZ) Governor Gideon Gono. The conversation touched upon the local economy and the international community, land nationalization, food security and recent food deals, electoral reform, and Zanu-PF rivalries. End summary.

LOCAL ECONOMY AND THE INTERNATIONAL COMMUNITY

2. (SBU) Gono repeated his goals of reducing inflation to 200% by year-end and accounting for every penny of foreign exchange. RBZ has US\$30 million (about two weeks' cover) in reserves.

3. (SBU) Gono appealed for help from the international community, stating Zimbabwe's economy could do a lot better with financial assistance. In his meetings with Treasury and IMF in Washington, he was encouraged by praise for recent RBZ actions to stabilize the economy. He congratulated Treasury for being forthright and laying their cards on the table. This is his nice way of acknowledging both USG skepticism and his understanding the message- the need for political and economic reforms.

LAND NATIONALIZATION

4. (SBU) Gono confirmed that 99- and 25-year leases applied only to land acquired through fast track land reform. He agreed the 25-year lease term was insufficient both for profit generation and as collateral for loans. He is working to move the leases to 50 years or more. (The American conservancy owner has secured a meeting with Gono for July 7 and will discuss this point.) Gono also stated that farmers would be compensated for improvements after expiration or termination of a lease. (Note: The old commercial farmers are still waiting for promised compensation for their improvements and equipment. Gono called this an "administrative issue". End Note.) GOZ continues to list properties for acquisition a year after declaring land reform complete. There is, therefore, no end yet to the amount of land that would be nationalized.

5. (SBU) The Land Ministry's Permanent Secretary's (PermSec) recent statements to the German Charge partially contradict Gono's assessment of the nationalization plan. The PermSec asserted that GOZ policy was to take all designated land regardless of court orders or bilateral investment agreements. GOZ will acquire all land owned by MDC supporters. Although not news policy wise, it is surprising that a GOZ official would state the policy so baldly to a foreign diplomat.

FOOD SECURITY AND RECENT FOOD DEALS

6. (SBU) Gono again dismissed the 2.4 million tones of maize as fantasy, adding that the RBZ was conducting its own assessment to be completed in two weeks. Preliminary results suggest 1.3 million tones of maize. Gono conducted his own study because the RBZ would be expected to provide foreign exchange to cover any deficit from the official figures. Gono instructed the acting Finance Minister to present the findings to Cabinet, threatening to speak publicly if he does not. Gono also distanced himself from recent statements by Minister Chombo regarding kicking NGOs out of the country.

7. (SBU) Gono recognizes that donors must decide where to deliver assistance. If WFP tears down its infrastructure, rebuilding could not occur overnight. He hopes RBZ's food assessment will force Cabinet to change its position and allow continued donor assistance, especially to rural school children and the HIV/AIDS affected.

8. (SBU) Gono explained the news reports of a food deal between GOZ and Sentry Financial. In 1999, GOZ struck a five-year deal to pre-sell Zimbabwe tobacco in exchange

for financing maize purchases. GOZ committed 80 million tons of tobacco each year to Diamond, the largest tobacco purchaser in the world. Sentry financed the deal with US\$700 million. This year, due to land reform-induced production declines, GOZ allocated 30 million tons. The current maize shipments are actually deferments from last year. Apparently, GOZ deferred receipt of the maize due to the over-worked Mozambiquean ports, the over-taxed Zimbabwean railroad system, and storage charges. Gono was exasperated with Agricultural Minister Made's deal denial, wondering aloud why he felt the need to hide it.

ELECTORAL REFORM

9. (SBU) Gono claimed a lack of expertise in this arena. (Note: An unusual admission for someone who has his hands in everything). However, he highlighted the most recent election reforms announced by the Politburo. These reforms include an independent Election Commission that Gono hopes to change from a president-appointed chairperson to an independent one. Congressional Staff emphasized that the commission must be able to timely receive complaints, make decisions, and have the means to enforce those decisions. The new policies could be implemented for the March 2005 parliamentary elections. Gono also suggested that constitutional reforms and simultaneous presidential and parliamentary elections next year were still a possibility despite Mugabe's recent statements that he intended to serve out his term.

10. (SBU) Governor Gono equated reports of use of GOZ food as an election weapon with GOZ claims that donors inserted pamphlets in maize bags promoting the MDC—largely hearsay and founded in deep suspicion. This seemed a bit flippant. There is no doubt that individuals have often had to show their Zanu-PF identity card before they can access GOZ maize. He also suggested Zimbabweans are independent-minded and will simply take assistance from whoever offers while voting for who they want to anyway. Congressional Staff responded that it is pretty hard to remain independent when your stomach is empty.

11. (SBU) Gono suggested Zanu-PF extremists (read Information Minister Jonathan Moyo) were the main obstacle to press freedoms. The problem could be resolved in approximately two months, although he made no mention of the The Daily News or The Tribune (both independent dailies GOZ closed down).

ZANU-PF RIVALRIES

12. (SBU) The extremists give Gono headaches and prevent him from doing his job. He cannot engage with civil society, the MDC, and the international community with some of their public statements. Their misrepresentations also force him to cover their mistakes.

13. (SBU) Daggers are drawn over food security, especially with RBZ's assessment showing 1.3 million tons of maize. Gono stated this issue would be heated in upcoming Cabinet meetings and he hopes that GOZ will revise its estimates to allow donors to continue their work.

14. (SBU) Information Minister Jonathan Moyo is apparently in trouble. There is recognition that he has become a liability rather than an asset. Moyo apparently has been called before a Zanu-PF disciplinary committee to explain recent attacks on several party elders like Vice-President Msika, Land Minister (and Zanu-PF party chairman) Nkomo, Matabeleland heavy Damiso Dabengwa, and Zanu-PF Information Officer Nathan Shamuyarira.

COMMENT

15. (SBU) Gono continued his charm offensive. He emphasized the need for engagement with the international community, between Zanu-PF and MDC, and within the differing Zanu-PF factions, especially his unique ability to facilitate all of the above. He repeated several stories of his crucial involvement in brokering deals between the World Bank and both Made and Nkomo as well as his friendships with the MDC leadership (growing up with Morgan Tsvangirai, giving Welshman Ncube a leave of absence from the University of Zimbabwe, and teaching most of the leadership as college students). Gono also emphasized his role with civil society through his RBZ policy board. (Note: Gono failed to mention that ZCTU declined to participate without significant governmental reform. End Note.) Gono claims the confidence of President Mugabe as his personal banker.

16. (SBU) Gono is some combination of Uriah Heep in describing his humble beginnings and "modest influence"

and show-off in listing his hundreds of friends and close access to the President. He describes himself as resisting every evil and fighting every good fight. The test is how many good fights he can win.

BIOGRAPHIC NOTE

17. (SBU) Gono mentioned he served both as the Chair of Zimbabwe Broadcasting Corporation (ZBC) and Chair of the Economics Department at the University of Zimbabwe. He repeatedly mentioned his study of American presidents and produced tapes of President Ronald Reagan's speeches that he said he listens to in his car. He recently received a copy of President Clinton's autobiography.

18. (SBU) Note: Staffdel left post prior to reviewing this message. End Note.

Sullivan